

Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development is to develop and implement strategies that will produce business and employment opportunities for residents of the County, expand the County's economic base, enhance the competitiveness of businesses located in the County, and promote the locational advantages of the County.

BUDGET OVERVIEW

The total recommended FY05 Operating Budget for the Department of Economic Development is \$9,004,820, an increase of \$134,530 or 1.5 percent from the FY04 Approved Budget of \$8,870,290. Personnel Costs comprise 35.4 percent of the budget for 39 full-time positions and two part-time positions for 36.7 workyears. Operating Expenses account for the remaining 64.6 percent of the FY05 budget.

Not included in the above is a total of \$251,801 and 2.6 workyears that are charged to the Capital Improvements Program (\$163,541, 1.6 WYs) and Economic Development Fund (\$88,260, 1.0 WY). The funding and workyears for these items are included in the receiving fund and capital project budgets.

In addition, this Department's Capital Improvements Program requires Current Revenue funding. Please see Section 5 for information related to the CIP.

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Douglas Weisburger of the Office of Management and Budget at 240.777.2762 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Marketing and Business Development

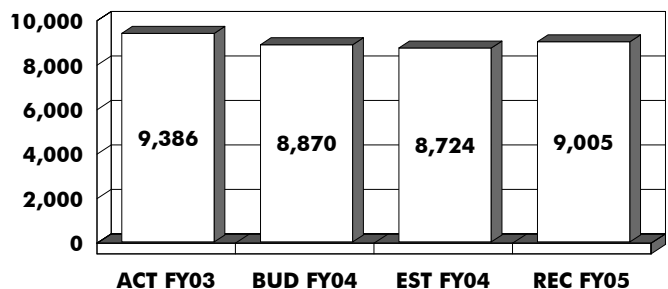
This program promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses and provides services and activities that result in the attraction and retention of those businesses to the County. This includes small businesses as well as specialized industry sectors including telecommunications, biotechnology, information technology, advanced engineering and professional services. A major focus of the program is on leads generated by the Department's business development specialists.

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials. These efforts help to position the County in a highly competitive environment, and they set the stage for direct

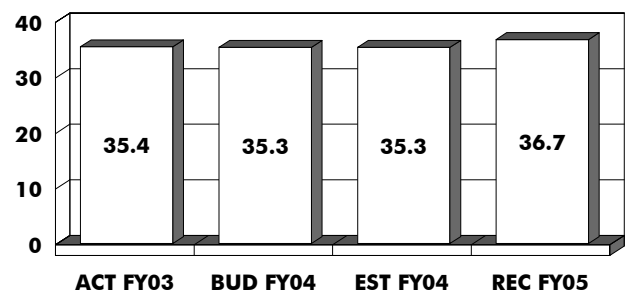
Program Summary

	Expenditures	WYs
Marketing and Business Development	1,717,510	12.0
Workforce Investment Services	4,418,000	4.0
Agricultural Services	815,070	7.2
Finance, Administration, and Special Projects	1,334,140	8.0
Office of the Director	720,100	5.5
Totals	9,004,820	36.7

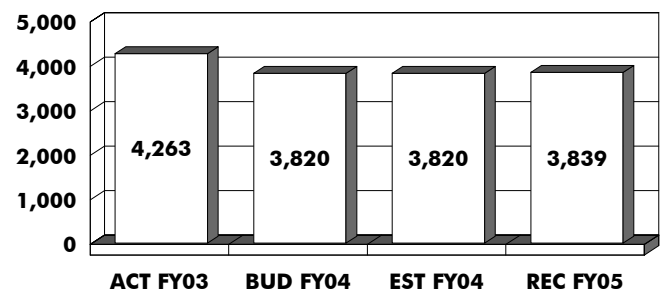
Trends



EXPENDITURES [\$000s]



WORKYEARS



RELATED REVENUES [\$000s]

contact. Business specialists meet with company representatives during business visits, conferences and other events to offer assistance. They also serve as liaisons to business organizations to help identify and assist new and expanding companies. Assistance includes needs assessment, financial and training assistance, site identification and expediting and coordinating development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance. Programs also include the development of high technology and professional services companies as well as the attraction and retention of national headquarters of nonprofit organizations and Federal agencies.

Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional and State partners, such as the Maryland State Department of Economic Development (DBED), the Greater Washington Initiative (GWI) and the Board of Trade (BOT).

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	1,665,660	12.0
Enhance: Greater Washington Initiative (GWI)	25,000	0.0
Enhance: Maritime Technology Alliance support	15,000	0.0
Decrease Cost: One-time items approved in FY04	-25,000	0.0
Reduce: Marketing and advertising	-56,300	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	93,150	0.0
FY05 CE Recommended	1,717,510	12.0

Workforce Investment Services

The mission of the Montgomery County Division of Workforce Investment Services (DWIS) is to ensure that Montgomery County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County workforce has the tools and resources to successfully compete in an evolving economy.

DWIS is advised by a 30-member Workforce Investment Board (WIB), composed of business representatives (51%), community leaders and public officials. The board is appointed by the County Executive in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The DWIS staff provide support to the Board by implementing directives and policy initiatives.

DWIS is funded by over \$4 million in Federal Government, State of Maryland and Montgomery County funds. The majority of funds are received under WIA to implement the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of vocational assessment, job readiness and job training and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers and youth. Four program staff provide overall administrative support of the WIA grants, and are responsible for fiscal monitoring and accounting, program monitoring and review, new program development and grants,

legislative development, and contract management of several service providers for the WIA and County programs. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Gaithersburg, which are operated as a consortium with the Maryland Job Service and the Career Transition Center, Inc. (CTC), and numerous other non-profit and local agency partners. MontgomeryWorks served over 12,000 residents in FY03 with core services, intensive counseling services and the purchase of occupational skills training.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	4,584,370	4.0
Reduce: Printing, conferences, cellular phone use, and courier services	-17,000	0.0
Decrease Cost: Office lease and parking	-65,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	-84,370	0.0
FY05 CE Recommended	4,418,000	4.0

Agricultural Services

This program encompasses the promotion of agriculture as a viable component of the County's business and economic sector, as well as the preservation of farmland as a resource for future agricultural production capabilities. The Department of Economic Development co-sponsors farmers' markets, an annual farm tour, and other activities which promote agricultural products. The goal of the Agricultural Preservation Program is to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve by the year 2010. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

The Montgomery Soil Conservation District's (MSCD) programs include the design and implementation of stormwater management and small pond review plans. In addition, the MSCD's programs provide public information and agricultural soil and water quality conservation planning to minimize non-point source pollution through the voluntary participation and implementation of these plans. The programs educate schools, youth-adult groups and organizations, and provide residential technical assistance to County residents on soil erosion and surface-subsurface drainage concerns. Also, program administration and training and development initiatives help to support the MSCD and the MSCD Board of Supervisors.

The Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland. This agency is funded cooperatively through local, State, and Federal governments. Farmers, families, and youth are the primary audiences of the Extension Office. Educational programs for farmers include raising crops and livestock,

protecting the environment, farm and business management, marketing commodities, and pest management. Programs for families and youth include: home horticulture, family budgeting, consumer education with a focus on promoting positive parenting skills and healthful diets and lifestyles, leadership development, and traditional 4-H programs. The Extension Office's professional staff utilizes an extensive network of volunteers to assist them in program delivery. Extension Office personnel manage a diverse group of over 3,000 volunteers to respond to over 100,000 information requests a year. Outreach education programs are delivered informally through one-on-one contacts, telephone assistance, the internet, classes and workshops, field days, radio, TV, and print media.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	707,810	6.2
Increase Cost: Annualization of FY04 lapsed position (Resource Conservationist)	60,000	1.0
Increase Cost: Supplemental salary payments for MSCD Maryland State employees	12,000	0.0
Reduce: Advertising and postage	-2,000	0.0
Reduce: Printing and copying -- Cooperative Extension Services	-2,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	39,260	0.0
FY05 CE Recommended	815,070	7.2

Finance, Administration, and Special Projects

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal and contract management, strategic planning, and special projects. This program administers three financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development to promote the development of high technology and professional services companies within Montgomery County. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for several new science and technology centers in Germantown at the Montgomery College campus and East County in the White Oak area. The program also oversees the management of the Maryland Technology Development Center (MTDC), the development of the Silver Spring Innovation Center (SSIC), the Johns Hopkins Belward Research Campus, and planning and implementing various development projects with long-term positive impact to the County.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	1,323,160	8.6
Enhance: Technical training in project financing		

and structuring; property development, land use, etc.	5,980	0.0
Reduce: Office supplies	-1,180	0.0
Reduce: Economic Advisory Council support	-1,000	0.0
Reduce: Technology Council of Maryland support	-950	0.0
Shift: Program Manager II from Finance and Administration to Office of the Director	-54,640	-0.6
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	62,770	0.0
FY05 CE Recommended	1,334,140	8.0

Office of the Director

The Department of Economic Development is organized to promote team-based approaches to implementing economic development initiatives. This program provides overall direction and supervision for all programs, policies and representation of the Department. The Office of the Director functions as a liaison to local, State, Federal, and international governments; the community; small and minority owned businesses; and private industry partners, and serves as the leader in developing and implementing economic development opportunities for Montgomery County.

The major focus of the program is to establish high-level relationships with local government and private industry organizations, State and Federal agencies, and national and international governments and organizations. These important contacts are sought through meetings, trade shows and conferences, national and international missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	589,290	4.5
Increase Cost: Annualization of FY04 lapsed position (Program Manager II)	35,360	0.4
Reduce: Conferences, professional memberships and dues	-6,440	0.0
Shift: Program Manager II from Finance and Administration to Office of the Director	54,640	0.6
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	47,250	0.0
FY05 CE Recommended	720,100	5.5

BUDGET SUMMARY

	Actual FY03	Budget FY04	Estimated FY04	Recommended FY05	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,149,202	2,267,540	2,246,900	2,439,050	7.6%
Employee Benefits	594,124	673,550	664,550	752,210	11.7%
County General Fund Personnel Costs	2,743,326	2,941,090	2,911,450	3,191,260	8.5%
Operating Expenses	2,379,812	2,136,200	2,019,880	2,020,560	-5.4%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	5,123,138	5,077,290	4,931,330	5,211,820	2.6%
PERSONNEL					
Full-Time	38	39	39	39	—
Part-Time	2	2	2	2	—
Workyears	35.4	35.3	35.3	36.7	4.0%
REVENUES					
State Salary Reimb: Soil Cons District Mgr	0	27,000	27,000	37,610	39.3%
Silver Spring Innovation Center Proceeds	0	0	0	8,100	—
County General Fund Revenues	0	27,000	27,000	45,710	69.3%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	0	0	0	0	—
Operating Expenses	4,262,693	3,793,000	3,793,000	3,793,000	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	4,262,693	3,793,000	3,793,000	3,793,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Naval Surface Warfare Center	34,000	48,000	48,000	48,000	—
Regional Response	33,277	45,000	45,000	45,000	—
Workforce Investment Act	4,195,416	3,700,000	3,700,000	3,700,000	—
Grant Fund MCG Revenues	4,262,693	3,793,000	3,793,000	3,793,000	—
DEPARTMENT TOTALS					
Total Expenditures	9,385,831	8,870,290	8,724,330	9,004,820	1.5%
Total Full-Time Positions	38	39	39	39	—
Total Part-Time Positions	2	2	2	2	—
Total Workyears	35.4	35.3	35.3	36.7	4.0%
Total Revenues	4,262,693	3,820,000	3,820,000	3,838,710	0.5%

FUTURE FISCAL IMPACTS

Title	CE REC. FY05	FY06	FY07	(FY08)	(FY09)	(FY10)
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY05 Recommended	5,212	5,212	5,212	5,212	5,212	5,212
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY05	0	-12	-12	-12	-12	-12
Items recommended for one-time funding in FY05 will be eliminated from the base in the outyears.						
Labor Contracts	0	142	296	323	323	323
These figures represent the annualization of FY05 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY06 and beyond.						
Subtotal Expenditures	5,212	5,342	5,495	5,523	5,523	5,523

ECONOMIC DEVELOPMENT

PROGRAM:
Marketing and Business Development

PROGRAM ELEMENT:

PROGRAM MISSION:

To encourage and facilitate retention, expansion, relocation, and new business creation in the County by focused business development and marketing efforts on targeted industries that are compatible with the local and regional economy and the workforce, with the goal of attracting investment from outside the region; to develop and enhance entrepreneurship assistance, support programs, and tools that will differentiate Montgomery County from the competition and result in increasing the success rate of County entrepreneurs; and to improve Montgomery County's physical environment and infrastructure capacity by planning and coordinating the best use of public and private resources to transform and maintain the County's commercial/technology park areas as world-class places for locating a business

COMMUNITY OUTCOMES SUPPORTED:

- Stabilize and reduce the County's unemployment rate through the retention, recruitment, and creation of quality jobs
- Foster a positive business climate and a diverse business base through support for entrepreneurship and effective delivery of messages marketing the County's business assets
- Increase and diversify tax revenue and business investment in the County

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY05 CE REC
Outcomes/Results:^a					
Number of new and retained jobs ^b	14,560	7,379	4,172	3,500	3,325
Number of successful business expansions and relocations ^b	38	42	28	27	25
Square feet of successful business expansions and relocations (000)	NA	NA	NA	450	428
Investment value of successful business expansions and relocations (\$millions)	NA	NA	NA	65	62
Square feet of new commercial and mixed-use development facilitated (000)	NA	NA	NA	350	332
Value of new commercial and mixed-use development facilitated (\$millions)	NA	NA	NA	110	104
Value of capital injected into County businesses (\$millions)	NA	NA	NA	40	38
Service Quality:					
Frequency of Marketing and Business Development website updates (days between updates)	NA	NA	NA	10	10
Efficiency:					
Cost per new and retained job (\$)	148	289	439	476	517
Cost per successful business expansion or relocation (\$000)	56.9	50.8	65.4	61.7	68.7
Ratio of successful business expansions and relocations to business prospects identified	NA	NA	NA	0.15	0.14
Ratio of business financing transactions closed to transactions initiated	NA	NA	NA	0.30	0.40
Workload/Outputs:					
Inquiries and information requests	NA	NA	NA	1,200	1,140
Number of prospects developed ^b	231	256	188	170	161
Square feet of prospects' projects signed or negotiated (000)	NA	NA	NA	850	807
Number of business financing transactions initiated	NA	NA	NA	32	30
Value of business financing transactions initiated (\$millions)	NA	NA	NA	24	22
Number of entrepreneurial events held	NA	NA	NA	16	15
Number of businesses receiving invitations to entrepreneurial events	NA	NA	NA	2,000	1,900
Number of attendees at entrepreneurial events	NA	NA	NA	2,500	2,375
Inputs:^c					
Expenditures (\$000)	2,162	2,133	1,832	1,666	1,718
Workyears	11.8	12.0	12.0	12.0	12.0

Notes:

^aFigures for Outcomes/Results are based on validation of a company's current information plus the company's projected growth (to be realized within 3 years of the business announcement).

^bThe results for FY00 - FY03 were previously reported under the Business Retention and Development program measures display, which has been superseded by this display.

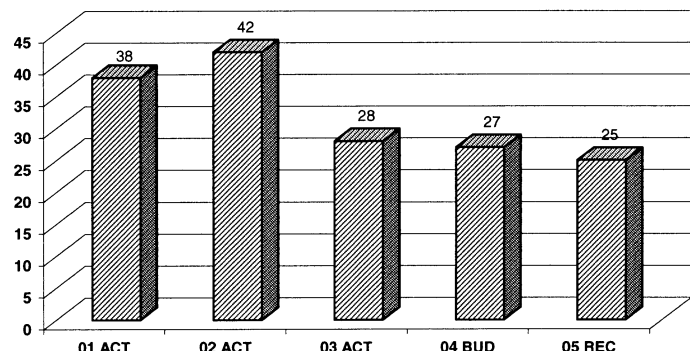
^cInputs from FY00 through FY03 represent the sum of the Business Retention and Development Program and the Marketing and Business Development Program. Expenditures and workyears related to the Small Business Services Program were not included for technical reasons.

EXPLANATION:

In mid-FY03, the Business Retention and Development (BRD) Division, the Marketing Division, and part of the Small Business Services Division were merged into a single Marketing and Business Development (MBD) Division to better integrate the County's economic development priorities into a consolidated program.

Of the many businesses that the MBD program assists each year, "prospects" are businesses that are planning significant expansion or relocation within 3 - 18 months. Along with many other services and programs, MBD offers assistance from the Economic Development Fund to a number of highly-qualified prospects in order to help them compete effectively, to induce quick decisions, and to assist them in expeditious relocation and expansion. The steady increase in the number of prospects through FY02 reflected high, stable growth in the economy and growing demand for support services and programs, including financial assistance programs. The decreases in FY03, FY04, and FY05 reflect the slower economic growth since the end of FY02.

Number of Successful Business Expansions and Relocations



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Department of Permitting Services, Office of the County Attorney, Maryland-National Capital Park and Planning Commission, Division of Facilities and Services, Department of Finance, Maryland Department of Business and Economic Development.

MAJOR RELATED PLANS AND GUIDELINES: Smart Growth Policy, Subdivision Regulation, Master Plan Development.